

JPRS 78410

29 June 1981

China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

No. 200

FBIS

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CONTENTS

PEOPLE'S REPUBLIC OF CHINA

PARTY AND STATE

Work Progresses on Constitutional Revisions (Xu Chongde; MINZHU YU FAZHI, 20 Mar 81)	1
Permanency of Communist Cause Transcends Errors, Enemies (Deng Liqun; GONGREN RIBAO, 27 Mar 81)	10
Xiang Nan Speaks at Fujian Provincial People's Congress (FUJIAN RIBAO, 5 Apr 81)	16
Party Discipline Needed To Implement 'Guiding Principles' (SHAANXI RIBAO, 13 Apr 81)	18
Heresies of 'Leftists,' Rightists Denounced (Ba Shan; XINHUA RIBAO, 12 May 81)	20
Yunnan People's Congress Stresses Socialism's Strength (YUNNAN RIBAO, 22 Apr 81)	26
Propaganda Activities Stress Environmental Protection (SHAANXI RIBAO, 19 Mar 81)	28
Ideological Work Helps Production of Plant (Jiang Shengbo; XINHUA RIBAO, 17 May 81)	30
Ways to Strengthen Education on Four Basic Principles Outlined (HARBIN RIBAO, 16 May 81)	33

HONG KONG MEDIA ON CHINA

PARTY AND STATE

Chen Yun's Economic Thinking, Proposals Outlined (Rong Sheng; CHENG MING, 1 May 81)	35
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PARTY AND STATE

WORK PROGRESSES ON CONSTITUTIONAL REVISIONS

Shanghai MINZHU YU FAZHI [DEMOCRACY AND THE LEGAL SYSTEM] in Chinese No 3, 20 Mar 81 p 7-10

[Article by Xu Chongde [6069 1504 1795]: "Ten Proposals for Revising the Constitution"]

[Excerpts] According to a proposal from the CCP Central Committee, the third session of the Fifth NPC on 10 September 1980 passed a resolution to revise the Constitution and to establish a commission for the revision of the Constitution. In the last few months, the work of revising the Constitution has been going on with great intensity; it is an important event in the political history of our country.

Since the establishment of our government and following the Common Program, our country promulgated three constitutions. The 1954 Constitution is the best, but it does not fully conform with today's conditions. The 1975 Constitution is not a good constitution. The Constitution presently in force was promulgated shortly after the smashing of the "gang of four." There was not enough time and it was not yet possible to fully sum up the experiences and clear away the evil legacy of the 10 years of turmoil. Although partial amendments were effected in 1979 and 1980, generally speaking, certain of its viewpoints on political theories are not clear and remain ambiguous, and it is even less apt to reflect the huge changes that have occurred in so many respects in our country since the 3d Plenum of the 11th CCP Central Committee. It is therefore absolutely necessary to undertake a comprehensive revision of the present Constitution.

Some people are of the opinion that there have been too frequent revisions of the Constitution in the last 7 years and that a stabilization should be allowed to take place. This view is understandable, but the fact is that the social changes have been so radical that they are bound to affect the stability of the Constitution, the more so since the constitutions of 1975 and thereafter show too many defects in form and substance, which make revision a dire necessity. With the great wisdom and manifold experiences of the masses, we are quite sure we shall be able to produce a good constitution if everyone will get to work.

1. Ideology Guiding Our Revision of the Constitution

Revision of the Constitution must be guided by a clear-cut and correct ideology. What must be our guiding ideology in the present revision of our Constitution? This is a topic for discussion. Without wanting to present this subject systematically, it seems, from the actual substance of the topic, the following points have to be given consideration: (1) summing up the successful experiences and the lessons of defeats in the socialist revolution and in the socialist construction since the inception of our government; (2) firmly observing the four basic principles to provide stability and unity; (3) promoting reform and perfecting our political system and the economic and educational system; (4) developing democracy and guaranteeing the various nationalities in our country an existence as true masters of their own affairs; (5) realizing the four modernizations and building up a socialist country with a high degree of material and spiritual civilization.

Having determined our guiding ideology, we also must possess within ourselves the spirit of seeking truth from facts. For instance, the democratization of our country is our unswerving policy, but no matter what long strides we take in this reform, we cannot merely base our efforts on ideals and wishful thinking, but we must start out from the realities. We must realize that the demands of the people are very pressing. On the other hand, we start out from the bases of a low level of development of our productive force, a strong tradition of feudalism, the obstinate influence of small-scale production habits and a people that lacks training in democracy. Our political reform therefore has to be vigorous, but should also consider stability at its base, otherwise it will do great harm.

2. The Systematic Structure of the Constitution

Our constitutional system was established in 1954. It conformed to the conditions at that time and was therefore quite scientific. The succeeding constitutions followed the same system without any fundamental changes. Can the present constitutional revision break with the traditional pattern? Evidently, conventions are not absolute things, they must submit to needs; the structure is therefore debatable.

Should the "basic rights and duties of the citizens" be left at the original place or should they be moved to the front of the state organization? In the light of the position of a citizen in the life of the socialist state, it would appear more appropriate to move that chapter to the front. Besides, the constitutions of most countries in the world have it in that place. It is also worth considering whether chapters and sections on the electoral system, the enforcement, supervision and amendment of the constitution should be inserted in the constitution. Furthermore, the language of the Constitution must be clear and precise so as not to lead to arguments after its implementation. Its articles must not be too many, but also should not be too few. Facts have proved that neither the 30 articles of the 1957 Constitution, nor the 60 articles of the 1978 Constitution adequately contained everything.

3. The Basic Institutions of the State

How are the basic characteristics of our state to be correctly expressed? The first article of the 1954 Constitution had the term "people's democratic state." Since the state is a tool of class suppression, the state of people's democracy is a people's democratic dictatorship, and the people's democratic dictatorship of new China is in essence a dictatorship of the proletariat, there being no fundamental difference between the two, but calling it the people's democracy is apt to make unity of the entire people more evident and is therefore a scientific designation. Later the situation was such that more and more emphasis in political theory was placed on the seriousness of the class struggle, so that the designation "people's dictatorship" gradually disappeared, replaced by the designation "dictatorship of the proletariat." In the revised Constitution of 1975 the term used was "socialist state of proletarian dictatorship." There was no substantial change, but instead merely cumbersome language, because a socialist state is in fact a state under the leadership of the working class and that has to be a dictatorship of the proletariat. There is really no need to repeat oneself.

The Constitution mentions the working class and the alliance of workers and peasants, but how is the position in the state of intellectuals, other workers and all patriots reflected? This point must be noted. The leadership of the working class is achieved through the Chinese Communist Party. Whether or not it is in writing, how do we embody in the Constitution the leadership of the party? At the same time, how do we prevent a situation where the party will substitute itself for the government? This must all be carefully considered. The Constitution mentions the Communist Party, should it not also mention the united front? And the democratic parties? The people's organizations? If these things are to be inserted, how is it to be expressed? If they are not inserted, what constitutional basis will they have for their status and activities in the life of the state?

Our state has the institution of people's congresses. The constitutions have always prescribed that all government organs implement democratic centralism, but the constitutions do not make it clear how in concrete terms the democratic centralism is to be given expression. Now many people have different ideas about democratic centralism. Some think it is a unity of democracy and centralism, others think it is merely a system of centralization (a democratic centralization). Others even oppose "a democracy under a centralized direction." Is what the Constitution means a state form, or a method of operation? This is also not quite clear. In short, preparing a perfect set of articles for a basic government system requires clarification in all theoretical respects.

The constitution plays a role in the consolidation and promotion of one's own economical foundation. How is that function at present being realized? In concrete terms, apart from the two forms of socialist common ownership, what other ownership system is the constitution to affirm and reflect? For instance, at present we still have, objectively, the ownership system of self-employed laborers. The investments by overseas Chinese, former industrials and merchants in China, and the investments by foreigners are all protected by law, should the Constitution recognize that certain other forms of ownership systems exist

within our economic structure? Then also, the rural people's communes still maintain the integration of government administration with commune management, should this now be separated? It would appear that a separation would be more beneficial. But as over 50,000 communes would have to split and separate party, government, and communes, this is bound to be a huge problem. It will require much work ideologically and organizationally. To turn the communes into economic organizations, must they not, for a long time to come, still maintain the "three-level system of ownership with the production team as the basic unit"? These are all questions that must be clarified during the revision of the Constitution.

4. The Supreme State Power

For a long time and for various reasons the NPC did not play the role it was supposed to play. Now we shall overcome the situation of the party taking the place of the government and we shall have the NPC truly exercise supreme state power, but in addition we shall also have to reform the structure of the NPC itself. The present number of delegates is excessively large, making it almost impossible to launch a serious debate on important questions during the short duration of the sessions, and equally difficult to come to proper resolutions. We must not consider the question in a mechanical way and believe that the more delegates we have the more democracy there is. True democracy will only be achieved if we reduce, on the basis of the present condition, the number of delegates to an appropriate number and turn the NPC into a working organ with a high degree of effectiveness. At present the NPC consists of over 3,000 delegates. Even if we think of reducing that number to 1,000, this will, we are afraid, be very difficult to accomplish under the actual conditions in our country, let alone that even 1,000 people crowded together in one hall will hardly be able to solve problems. Reducing the number further to a few hundred, we are afraid, cannot be done. That is a real problem. What can be done? We may only have to struggle to reduce the delegates to 1,000 and some, and then have them meet in two separate chambers. This is a feasible proposal and would satisfy both sides. A reform in this way would recognize the realities of the situation in China, proceed from the actual conditions and furthermore conform to the actual needs. The bicameral system in foreign countries is based on their national conditions, or is due to historical reasons, or to a tug of war between the political forces of various parties. If we really split the NPC into two chambers, it is not a scheme dreamed up by somebody, also not a copy of the bourgeois bicameralism, but the result of examination and study of the objective reality. It is a truly democratic political reform.

If the proposal for a two chamber structure is really set forth, we must study a series of related problems. For instance: (1) The nature of the two chambers: if one chamber is to represent the common will and interests of the whole people, what special interests are to be represented by the other chamber? Would this chamber be a political consultative conference? or a chamber for nationalities affairs? or a chamber of senior statesmen? or a chamber of the social professions and occupations? Looking at conditions in our country, it would be best to make it a chamber of the social professions and occupations. (2) The delegates to the two chambers to be originated as follows: one chamber

without question shall house the representatives from the provinces, autonomous regions and municipalities directly under the central government, each to be represented in the proper proportion of its population. If the delegates of the other chamber are to represent the various social sectors, the professions and occupations, the problem becomes very complex. It will involve a series of questions such as how to differentiate between the various trades and professions and how to determine the proportions of delegates for each, what procedure to follow in electing the delegates, etc. (3) The functions of the two chambers: are they to have equal powers or is one to be dominant, with a division of tasks? Shall one chamber have the power to veto the decision of the other? How will any conflict of opinions between the two chambers be solved? (4) Relations of the two chambers to other organs: shall each chamber set up a standing committee or shall one standing committee be established for both together? Shall the standing committee or the state council be responsible to one of the chambers or to both and also shall it report to one or to both? etc. If a serious study is made of the above questions, it should not be difficult to find solutions to them.

According to our system of government the head of state is a component of the organ with the supreme power of the state. Beginning with the inception of our government, our country had a chairman for the period of 25 years, a fact with which the masses are very familiar. The 1975 Constitution abolished the position of chairman. The powers of the head of state are partially exercised by the NPC Standing Committee and the rest by the CCP Central Committee and the chairman of the Party Central Committee, a system which declines to separate party and government. The uncertainties about the head of state creates many inconveniences in international intercourse. It is therefore urgently necessary to reform our system of head of state. As to how to reform, we may take the 1954 Constitution as reference and establish a chairman of the state.

Another way that might be considered is not to establish a chairman and explicitly have a collective head of state in the NPC Standing Committee, the chairman of the standing committee to represent the PRC in foreign relations. This would simplify the organizational structure, and it would also be in order to call the "wei yuan zhang" (chairman of the standing committee) a "zhu xi" (chairman of the state).

5. The Administrative Organs of the State

As to the administrative organs, there are two questions deserving study:

(1) Shall the senior officials of the administration at various levels be people's delegates at their particular levels? According to the British system, the ministers of state must be members of Parliament. According to the American system, the members of Congress must not be simultaneously members of the administration. Ours is a system of amalgamating the functions of delegates and administrators, the government is the executive organ of the NPC and is to act as its representative. However, some who oppose this system argue: (1) If the senior officer attends the meetings, the delegates will not speak out freely; (2) The high administrative officials take up quite a number of votes as delegates and correspondingly reduce the number of delegates of the common people; this is

not beneficial for a development of democracy. These are indeed real problems that must not be ignored.

(2) To what degree will the administration interfere in economics? The principal function of the socialist state is to organize an economic culture. This is a fundamental principle of Marxism-Leninism. However, practical experience has proved that excessive interference, or the use of administrative means in the place of economic means, results in stifling the economic development, resulting in grave consequences. At the same time such measures will inflate the government organization and lead to overstaffing of offices. At present the State Council has over 50 departments and commissions and over 40 directly subordinated organizations, most of them concerned with economic affairs. This not only creates a huge body of men unproductively engaged and increases the burden of the people, but also easily leads to bureaucratism and low work efficiency. How to determine the right amount of administrative participation in economics? How to simplify the administrative structure, overcome bureaucratism and improve administrative efficiency? All these are problems that urgently await further study.

6. Local Institutions

Ours is a state with unitary institutions. The correct principle for regulating the relations between the central authorities and the local authorities is democratic centralism, that is, under the unified leadership of the central authorities the initiative of the local authorities is to be brought into full play. This principle is definite and immutable, but many difficult problems occur in its actual application. Conflicts have frequently arisen during the past 31 years on the question of jurisdiction and the division of tasks between the central and the local authorities. At times the central authorities centralized excessively, their unified control was too rigid and it suppressed all local initiative. At times too much power was assigned to the localities, which proved an obstacle to the unified centralized leadership of the central authorities. Besides, ours is a country with a vast territory; it is very uneven and the demands from various provinces differ widely. Well-to-do provinces strive for more self-government; poor provinces want more administrative management by the central authorities. The local institutions are extremely important, how can the Constitution handle the problem most appropriately? Must the Constitution clearly determine what is to be administered by the central authorities, what by the local authorities, and what by both together? And how are jurisdictions to be divided for those affairs to be jointly administered? All these questions deserve further study.

In determining the jurisdiction of the localities, ample attention must be given to the right of self-government of nationalities in the autonomous regions. The rights of autonomy of minority nationalities are to be wider than the self-government of the general localities. The concrete content of self-government rights must be clearly prescribed to the Constitution; their implementation must also be guaranteed by relevant laws.

7. Law Courts and Procuratorial Organs

The Constitution must guarantee the independence of law courts and procuratorates in carrying out their functions. There had been too much interference in the past. Conditions are much better now; the local party committees in general have no more the right to approve or disapprove cases. However, there are still difficulties for the judicial departments to exercise their functions truly independently: if they "don't heed advice," the party committee or the government can, under some pretext, transfer the responsible person in the law court or the procuratorate away from the "judicial battle line." This system therefore still seems to be in need of reform.

Can the status of lawyers find recognition in the constitution? It is generally said that the three organs, the public security organs, procuratorial organs and the people's courts, mutually interact and cooperate, but actually: (1) too much prominence is given in actual fact to the public procurators and the lawyers who are interacting and cooperating and in the past too little attention was paid to the status of the lawyers.

Procuratorial organs differ in the various countries. The Soviet Union has an independent vertical system of its own, emphasizing the legal surveillance function. The British and American public prosecutors are part of the administration, for instance, the American chief prosecutor is the attorney general. In old China the public prosecutors belonged to the law courts of various levels. In our country in the early period after establishment of our government, our procuratorial system was basically shaped after the Soviet model, but it did not completely suit the specific Chinese conditions. It undoubtedly sustained the function of public prosecutions, but in general was unable to realize the legal surveillance function. How to strengthen the legal surveillance, the efficacy and functions of the procuratorial organs, must be the subject of further study and should find expression in the Constitution.

8. People's Delegates and Personnel of State Organs

At present the delegates are chosen by elections according to districts and according to a certain proportion of the population. Scholars have two views in this connection. One view is that the delegate represents only his district and his electorate. The other view is that he represents the electorate of the whole country, each delegate in the NPC representing the interests of the whole people. This is a question of theory which may be debated, but it seems the former viewpoint is right.

What are the rights and duties of the delegate? Is it necessary to have them clearly determined in the Constitution? What legal effects have interrogations of the government by delegates? What procedures have to be followed in such interrogations? The constitutions of Yugoslavia, The United States and many other countries stipulate that a delegate cannot be prosecuted for speeches made in the legislative assemblies. This is a special guarantee of freedom of speech for delegates. Should we also in socialist China stipulate that delegates cannot be prosecuted for their speeches? A solution must be arrived at in these problems of theory (which are also practical problems).

Personnel in government organs must faithfully serve the people. Article 16 of the Constitution presently in force makes a clear demand on all cadres. However, certain cadres show a very serious "special privileges" mentality. How can the future Constitution fight this mentality. Some suggest establishing administrative courts, some suggest reestablishing the people's supervisory department. Should we consider these ideas?

As to abolishing the lifetime appointment system for leading cadres, we should make a concrete analysis of this question. For instance, in England the prime minister and the ministers of state are changed with any change of the party in power, but the permanent undersecretaries and the whole set of civil officials in the ministries remain in their positions for life. This not only ensures the stability and continuity in their work, but also contributes to heighten proficiency and to increase the experience of these officials. Should we not also differentiate among our cadres and not deal with all of them in the same manner?

9. The Basic Rights of the Citizens

There are now two views on the question of how the rights of the citizens are to be determined in the Constitution: One opinion suggests that it be practical and realistic. The Constitution should include only what is absolutely possible to implement. What is temporarily not possible to do must not be included. For instance the right to strike, freedom of movement, and even the right to work may not be written into the Constitution. Others suggest the opposite. They believe that socialism, being the highest degree of democracy, must proclaim in its constitution a wide range of rights that the citizens are to enjoy. For such rights that cannot now be fully realized, conditions should be created energetically gradually to bring about these rights. Since some articles of the Constitution may have the nature of a program, the stipulation rights can of course also be included. It is worthwhile to have a full debate on which of the two viewpoints is right.

10. Supervision and Enforcement of the Constitution

The Constitution is the basic law; it is the legislative foundation for all law, also the supreme code of conduct for all state organs and the entire citizenry. During a certain period of time in our past, the prestige of the Constitution was very high, and it played an important role in actual life. However, later, due to the disturbing leftist interferences, a legal nihilism raised its head, and the Constitution was gradually respected less. Especially during the 10 years of turmoil, it was flagrantly trampled under foot and became a mere scrap of useless paper. This was an exceptionally grave lesson for all of us.

The 1954 Constitution was a good constitution, but its obvious defect was that it did not lay down strict norms for the supervision and enforcement of its provisions. The present constitutional reform must fill this gap. To realize an effective supervision, two questions deserve our study: (1) Who shall have authority to interpret the Constitution? Nothing is said on this point in the 1954 and 1975 Constitutions. The 1978 Constitution for the first time stipulates that

interpretations are to be made by the NPC Standing Committee. Of course, the constitution and all other laws are passed by the NPC. In theory we may therefore assume that our laws cannot possibly violate the Constitution, because the NPC itself will not go against its own will and intentions. Conceding that perhaps a law might indeed violate the Constitution, it would then not seem very appropriate to have a permanent organization interpret whether the activities of the organ of supreme state power conform with the Constitution. (2) Who is to supervise the enforcement of the Constitution? Apart from the general opinion that the masses or the party effect supervision, is it not necessary to establish a special agency with specially defined authorities that would institute supervision according to a legal procedure? Our Constitution prescribes that the NPC supervise its enforcement. Since the NPC is in session only once a year for 10 and some days of work, the supervision can hardly be effective. We should therefore also consider whether to refer to the methods of many foreign countries in the world that have established a special system of constitutional courts or constitutional commissions.

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PARTY AND STATE

PERMANENCY OF COMMUNIST CAUSE TRANSCENDS ERRORS, ENEMIES

Beijing GONGREN RIBAO in Chinese 27 Mar 81 pp 1, 3

[Article by Deng Liqun [6772 0500 5028]: "Communism Is a Lofty Undertaking for the Ages"]

[Text] Summary of Contents: During the period of 10-year turmoil, Lin Biao and the "gang of four" wrought serious damage to our socialist undertakings, but they did not, nor could they, destroy us. This illustrates that the socialist system possesses innate vitality of great strength for smashing various enemies.

A fundamental difference between the socialist system and the capitalist system and other exploitive systems is that it is able to unify social interests, collective interests, and individual interests, and correctly handle the relationship between these aspects. It can assure the formation of common ideals and common actions.

In the case of defects and mistakes, we must see them and correct them; but we cannot deny our great achievements. After citing persuasive facts and figures to illustrate the corruptness of capitalism and the superiority of socialism, the article points out: as long as we earnestly absorb experiences and lessons and honestly serve the people, socialism is bound to be able to demonstrate its superiority more and more powerfully. This is the inevitable law of historical development.

Our revolutionary martyrs raised the glorious banner of communism. History is bound to prove that one generation after another will continue to hold high this banner until communism achieves ultimate victory in the whole world. This is the world view of us Communist Party members and all communists; it is the basic standpoint on which we observe human society and observe historical development. We firmly believe this without any doubt.

During the last year or two, some have said that a so-called crisis of confidence prevails among the younger generation. If they meant the majority of the younger generation, this would not be in accord with reality. If they meant that a part of the youths encountered this problem in different degrees, then we should further

analyze the specific causes as to why this has occurred. Such causes, generally speaking, cannot go beyond two aspects: one is the sabotage staged by enemies at home and abroad, which is mainly the aftermath of the 10 years of turmoil created by Lin Biao and the "gang of four"; the other has to do with defects and mistakes in our own work. This is to say, as long as we continue to eliminate the remnant poison of Lin Biao and the "gang of four" and continue to carry out effective struggles against enemies at home and abroad and achieve victories, as long as our work continues to score improvements and our defects and mistakes are for all practical purposes corrected, then the matter of the so-called crisis of confidence among a part of the youths can be very properly solved.

During the 10-year period of turmoil, Lin Biao and the "gang of four" wrought serious damage to our socialist undertakings; this was a fact witnessed by everyone. With regard to the matter of continuing the eliminate the remnant poison of Lin Biao and the "gang of four," we have done plenty of work; but we cannot say that we have already done well and that there is nothing further to do. With respect to the counterrevolutionary crimes of Lin Biao and the "gang of four," we have not yet exposed them enough or criticized them enough; as for exposing and criticizing them in combination with the new problems that have appeared in society today, our efforts have been especially deficient. When in a speech in March 1979 Vice Chairman Deng Xiaoping expounded adherence to the four basic principles, he pointed out that the very few troublemakers were trumpeting at the time that their task was to solve the "capitalist-roaders" whom the "gang of four" had failed to solve. They wanted to "kick aside party committees in order to resort to democracy." Said Comrade Xiaoping: "Lin Biao and the 'gang of four' used to kick aside party committees in order to resort to revolution; what kind of 'revolution' they resorted to, everybody knows very well. If today people wish again to kick aside party committees in order to resort to democracy, would it not be equally clear what kind of 'democracy' they will resort to?" "If we permit some people to kick aside party committees in order to resort to democracy everywhere, then we can only fall once again to the brink of collapse, and the four modernizations can only be blown away completely." These people are opposed to the four basic principles. They are actually the shadow of the "gang of four," and their ideological system is that of the "gang of four." These analyses on Comrade Xiaoping's part were very profound. We have recently also discovered a very small number of insidious characters who were carrying out dangerous and sinister activities. They echo the remnant elements of Lin Biao and the "gang of four." Compared to those of the "gang of four," their program, slogans, strategies and modes of activities are somewhat different in form but completely consistent in substance. They utter the nonsense that there exists in China today a special stratum, and that there is only one way to solve this problem: to work on a "second revolution." They trumpet the contention that there is a gap separating the old generation and the younger generation, and that one cannot expect this gap to be filled by the old generation. Hence, the new task in our propaganda work and various aspects of our educational work has become the further criticism of the counterrevolutionary crimes of Lin Biao and the "gang of four" in combination with the newly emergent antiparty and antisocialist expressions and activities in society at present.

Under the leadership of the party, newspapers and journals have recently made some very conspicuous progress. Of course, in order to really accomplish this task we still need to make very great efforts. Youths who are in their 20's today were but children not yet 10 years old at the time of the "Cultural Revolution"; that basically could not understand how Lin Biao and the "gang of four" sabotaged socialism and how they sabotaged the party's leadership. In addition, we really also have defects in our work and also really face not a few difficulties today, and it is thus rather easy for them to accept the deception, demagogy, and sedition of insidious

elements. In response to these people's activities, we should enable the vast ranks of the masses, and especially the vast ranks of the youth, to understand that what these people with their devious minds are trying to do is actually the same old Lin Biao and the "gang of four" stuff, and that if they should follow them, they would cause our country once again to suffer a catastrophe and cause our nation and our society to suffer hardships anew.

Our party and our people have carried out repeated, long-term struggles against Lin Biao and the "gang of four," and the result of those struggles was that Lin Biao and the "gang of four" were thoroughly defeated and the party and the people achieved victory. How should we understand this fact? Where is the historical inevitability of our victory? And how are we to see the great vitality and bright future of the socialist system from this? On questions such as these, we still cannot say that our propaganda and educational work has already been done well and that no further effort is needed.

There is a famous saying in military science: It is easiest to breach a castle from within. The Lin Biao counterrevolutionary clique and the "gang of four" counterrevolutionary clique sneaked into our hearts and sneaked into our heads, snatching away a part of our party's and our country's important leadership authority. They were all counterrevolutionary doubledealers employing extremely cunning, extremely venomous, and extremely sinister means in their vain attempt to destroy our party and destroy our socialist system from within the castle. The prestige of our party and the superiority of our socialist system really suffered great damage. Yet, despite their rampant troublemaking in vast realms during the past 10 years, they failed, in the last analysis, to breach our castle; they failed to cause our party to collapse; and they failed to cause our socialist system to disintegrate. Those who ultimately triumphed were not these extraordinarily vicious counterrevolutionaries but our party and our socialist system.

During the struggle, the vast ranks of our party members, the vast ranks of our cadres, and the people of various nationalities of the whole country securely retained our castle and eliminated the enemies who sneaked in. Through this struggle, they prosecuted to death hundreds and thousands of Communist Party members, but as they died these party members shouted "Long live the Communist Party!" Some expressed their firm belief in socialism and in the party by writing. Some were silent but remained stubborn and unsubmitive; they died glorious Communist Party members. A very small number of Communist Party members committed suicide; in those special historical circumstances, they demonstrated their protest against Lin Biao and the "gang of four" through this form of struggle. Even up to this very day we still have not heard that, in a situation in which the country was covered by a patch of dark clouds and hundreds and thousands of Communist Party members were subject to abuse, torment, and persecution by Lin Biao and the "gang of four," any true Communist Party member lost confidence and hope in his party and in socialism and thereby withdrew from the party. Even during the 10-year period of turmoil, our party continued to exist and did not collapse. These facts prove that our party is great and can withstand various serious tests.

Public ownership under our socialist system suffered great damage at the hands of Lin Biao and the "gang of four." Some of their cronies usurped the leadership authority of an enterprise or even a department or a district; some beating-smashing-looting elements destroyed machinery and robbed the state and the collectives of their property. But in terms of the entire national arena, public ownership under

our socialist system still occupies the leading position, and that position has not changed. This fact likewise illustrates that on this piece of land, in China, public ownership under the socialist system still enjoys an incomparably solid foundation.

What especially moves and excites us is the fact that, in a situation in which large contingents of our leading cadres at various levels were pushed aside and overthrown, in which the "gang of four" became extremely rampageous, and in which our party and state faced the prospect of destruction, those who came forward to struggle against this counterrevolutionary clique included not only the revolutionaries of the old generation but also the new, younger generation educated by our party and state. On the question of struggling against the "gang of four," they had already taken over the banner of the old generation. This illustrates that the youths who grew up under the socialist system were capable of differentiating between the enemies and ourselves and between right and wrong, and that they were courageous and resourceful enough to inherit the cause of the old generation. The enemies did not, nor could they, destroy us, but instead defeated by us. Has this not very persuasively proved the superiority of the socialist system and proved that the socialist system possesses an innate vitality of great strength for smashing various enemies from without as well as from within?

We may also look at the superiority of the socialist system from its own characteristics.

The characteristics of the socialist system are, in the main, substitution of public ownership for private ownership, fundamental elimination of exploitation and oppression, and implementation of the principle of from each according to his ability and to each according to his work. The most fundamental difference between this kind of system and the capitalist and other exploitive systems is that it is able to unify social interests, collective interests, and individual interests and correctly handle the relationship between these aspects. There are also contradictions between these aspects. But under the socialist system, except in the case of enemies at home and abroad, whether it is a matter of individual interests or collective interests among the people, things are generally unlikely to develop to a degree of conflicting with the interests of the whole society. In a capitalist society, when individual interests or the interests of a monopolist group develop, it makes no difference at all what your social interests happen to be. But the socialist system is able to guarantee, on the basis of the consistency of the people's internal, fundamental interests, the formation of common ideals, common beliefs, common morality and common discipline, the acceptance of common leadership, and the adoption of common actions. These are the things the capitalist system can never hope to achieve.

During the past few years, we openly acknowledged the defects and mistakes in the nearly 30 years of our work and summed up in our experiences and lessons; this was entirely necessary. But among certain comrades there emerged some deviation; that is, they looked too much at our defects and mistakes, while in the case of our achievements, their impression was rather thin, their appraisal was somewhat irrelevant, and their talk was too limited. As the Party Central Committee has recently pointed out, defects and mistakes must be noted and experiences and lessons must be summed up, but we cannot deny the great achievements of our socialist revolution and socialist construction. This alone is genuinely seeking truth from facts.

The criteria and methods for measuring the level of development of a country are not limited to one kind. In the past we often saw only how many American dollars the average per capita gross national product might amount to and took that criterion

to measure it; thus, among the countries of the world, we were in a very backward position--in 1978 it was something like 106th place. This of course was a fact according to one aspect. But we must see at the same time that if we proceed to make a comprehensive comparison by including social production and certain principal aspects of social life, then the position we occupy among the countries of the world is no longer down at the 100's but up in the 20's or 30's. What does this include? The most important aspects are those which guarantee the satisfaction of the basic needs in the lives of the greatest number of people. Let us list some examples here. For instance, the infant death rate in the United States is 14/-1000; it is higher than that in our countryside but not very different from theirs in our cities; in some cities the figure stands around 7/1000. When foreigners come to China to visit, they say that we are really poor, but at the same time they acknowledge that our children are very healthy, and this situation includes the calamity-stricken areas. Also, in the case of the average lifespan, our Ministry of Public Health recently announced that for men it now approximates 67 years and for women, 70 years. Before liberation, it was 35 years; it now has been prolonged 100 percent. Our death rate has also decreased from the 25/1000 of preliberation days to 7/1000. Furthermore, in the case of the figure of the number of employed, social security, and certain other aspects, all, including certain foreign bourgeois experts and unbiased personages consider our achievements tremendous. Certain goodhearted ones among them have even reminded us by saying: You should by no means underestimate your more than 30 years of achievements. As for the increasingly numerous facts pointing to the major role played in the development of our economy and in the improvement of the people's livelihood by the implementation of the series of our party's principles and policies since the Third Plenary Session of its 11th Central Committee, these are even more commonly acknowledged by everyone.

Of the problems that have emerged in the course of our socialist revolution and socialist construction, one kind is sabotage by enemies, and the other kind consists of mistakes in our own work. There is a need to make it clear that the two are entirely different in character. For instance, with respect to economic work, our major mistakes for many years have been "leftist" mistakes. These "leftist" mistakes, insofar as their essential point is concerned, mean that there has been excessive consideration of accumulation but not enough attention to consumption. In other words, there has been excessive consideration of the people's long-range interests but insufficient consideration of the people's immediate interests, and the result of implementation was that it not only damaged the immediate interests but failed to prove beneficial to long-range interests, either. Such mistakes must be corrected. But this is an entirely different matter from enemies sabotaging our party and sabotaging our socialist enterprises. The "Great Leap Forward" created very great difficulties for the country's construction and the people's livelihood, but the man who made the mistake was a good man and the heart involved was a good heart. Therefore, once we recognized our mistakes, we were able to correct them in a timely and orderly manner. Lin Biao and the "gang of four" purposely put themselves in an antagonistic position vis-a-vis the people, in a vain attempt to completely destroy our socialism. They did not, nor could they, consider the people's immediate and long-range interests. To them, of course, it was not a question of making mistakes in their work.

In a capitalist society, when production develops and profits increase, social wealth for the most part is pocketed by the capitalists; while the people's livelihood improves somewhat, one does not know how much slower it does so in comparison to the speed of capital accumulation. This is also fundamentally different in character from the mistakes in our work. We do not have exploitive classes or

exploitive systems here; the gross national income is totally used for the entire society, and a considerable part of it is distributed directly to the people. In a capitalist society, the gap between the poor and the rich is very great, and most property is controlled in the hands of the capitalists. In the United States there are altogether 12,978,000 large and small enterprises, of which more than 400 are big companies whose share certificates have entered the stock market. There are only around 1,500 of the very biggest companies. Small enterprises make up some 90 percent of the total of the country's enterprises, and their total output value makes up 30 percent of the overall gross national product. In terms of the distribution of profits, the 1,500 biggest companies take 90 percent of the profits of all enterprises. This shows that the capitalist system serves and seeks gains for the capitalists, especially the big capitalists, and it is a system in which monopolist groups grab excessive profits.

Recently, some remnant cronies of the "gang of four" or persons who are similar to them in their thinking and actions have been crying that in our country there is a special stratum weighing down on the heads of the country's people. Many comrades have already refuted such an extremely preposterous theory on their part. I wish only to cite a few figures. There are in our entire country some 80,000 cadres from local deputy bureau chiefs and deputy division heads upward and from army deputy division commanders upward. There is still no accurate figure as to their average wage at present, but there are two ways of calculating it. One is a higher calculation, namely using an average of 200 yuan per person per month and 2,400 yuan per year; calculated in this way, their total wages are 190 million yuan. The other is a medium calculation; because great changes have taken place in the conditions of the cadres today, the average wage of this kind of cadres is about 160 yuan per month, and calculated in this way, their total wages are slightly more than 140 million yuan. If we follow the logic of the remnant elements of the "gang of four" and their yes-men, this may perhaps be said to constitute a special stratum, a high-salaried stratum. But what percentage of the country's overall wages is the total of their wages? It is but 2/1000, or even less than 2/1000. Here we are still merely figuring in the category of people with a wage income. If we include the income of the 800 million peasants, then it becomes only about 1/1000. Let the comrades please compare; how can it be said that we have some special stratum? Is this not one more powerful but of evidence that illustrates how different the socialist system is from the capitalist system?

The superiority of our socialist system has been given full scope in the past; since the smashing of the "gang of four" it has once more been given full scope. We profoundly believe that as long as we earnestly absorb the experiences and lessons of history and honestly and wholeheartedly serve the people, the superiority of our socialist system is bound to be demonstrated more and more extensively. This is the inevitable law of historical development. This law will determine the direction of our historical development from now on. Historical development is bound to persuade more and more people, including certain youths who today exhibit a muddleheaded perception and maintain a skeptical attitude. We profoundly believe that our posterity will not violate the inevitability of history and will not violate the law of history. They are bound to inherit the cause founded by the old generation of proletarian revolutionaries and win increasingly bigger victories in this piece of land, in China, until communism is realized throughout the world.

PARTY AND STATE

XIANG NAN SPEAKS AT FUJIAN PROVINCIAL PEOPLE'S CONGRESS

Fuzhou FUJIAN RIBAO in Chinese 5 Apr 81 p 1

[Article: "The Third Session of Fifth Fujian Provincial People's Congress Held Its Meeting Yesterday"]

[Excerpts] The Third Session of the Fifth Fujian Provincial People's Congress held its third meeting yesterday. The session's executive chairman, Wu Hongxiang [0124 3163 4382], presided over the meeting. Xiang Nan [7309 0589], delegate of Liancheng County and secretary of the Standing Committee of CCP Fujian Provincial Committee, spoke at the meeting on the topic of emancipating minds and carrying out special policies.

The first part of Comrade Xiang Nan's speech made a clear picture of the current situation of Fujian Province. He said that last year under the leadership of the party Central Committee, Fujian Province had achieved political stability and unity and made fairly great progress economically. The situation is very fine.

The second part of his speech pointed out that the key to the development of our economy is to emancipate thinking and eliminate "left" ideas. The reason why Fujian could not progress economically in the past was many-sided, it was mainly due to the persistent interference of the "left" line, and the people were bound tightly hand and foot by the "left" ideas.

The third part of Comrade Xiang Nan's speech called upon the province to make plans as quickly as possible for intermediate and long-range development of the economy. It will be necessary to conduct investigation and study, sum up experience and, moreover, ask the experts and scholars in various fields to compare fully, expound and prove their views. Any plan must be made according to the characteristics of Fujian Province, develop the advantages and avoid the disadvantages, and bring into full play our superiority.

He said that in the 1980's Fujian Province must fulfill three tasks and build eight bases. The three tasks are: (1) To develop economy. (2) To do well the work concerning overseas Chinese. (3) To do well the work directed at Taiwan. The first one is the most essential task, and the other two are work of a strategic nature which all of us must care for as the work of the whole party. The eight bases are the base of forestry, the base of animal husbandry, the base of fishery, the base

of economic crops, the base of light textile industry, the base of scientific education, the base of foreign trade and the base for China's reunification. He suggested that all people concerned should examine and study the plans to see whether or not they conform to Fujian's actual conditions.

The fourth part of Comrade Xiang Nan's speech explained the necessity of unswervingly carrying out the special policies and flexible measures.

The last part of his speech specified some branches of current work. He said that 1981 is a crucial year. First of all, at present we must further achieve political stability and create a stable environment. For this, we must handle properly some problems, such as commodity prices, employment, housing, public order and population control. Planned parenthood and the control of population in quantity and quality constitute an extremely important work. Secondly, we must strengthen the unity of cadres and implement the policy toward the cadres. He called upon the delegates and the CPPCC members to help the party committees of all levels speed up the implementation of the cadre policy. Thirdly, we must unswervingly do a good job in economic readjustment, to stop resolutely all redundant projects in capital construction, to close down and combine the enterprises or to suspend and change their operation according to our overall interests, and to develop a new style of taking the combination of enterprises and the change of operation as the principal course. We must as quickly as possible reorganize the machine-building industry according to the principle of cooperation of the specialized lines. We must resolutely fulfill the state tasks of the procurement and purchase of farm and sideline products. After the enforcement of the job responsibility system in agriculture, we must strengthen leadership and properly carry out the contract system. Fourthly, we must seriously keep up a fine party style. Comrade Xiang Nan analyzed some current questions about the party style and the general mood of society, and then said that it was very good for the delegates and CPPCC members earnestly to criticize the incorrect party style. He hoped that in the future they would continue to exercise supervision over cadres with party membership, particularly the leading cadres.

Finally Comrade Xiang Nan said that provided we can emancipate our minds, take steady steps and keep up a correct party style, Fujian Province will develop economic construction even more quickly.

9039

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PARTY AND STATE

PARTY DISCIPLINE NEEDED TO IMPLEMENT 'GUIDING PRINCIPLES'

Xi'an SHAANXI RIBAO in Chinese 13 Apr 31 p 1

[Article: "Guarantee To Implement Party's Line and Policies"]

[Text] From 26 March to 4 April the Shaanxi Provincial Party Committee's (Provisional) Commission for Inspecting Discipline held its Third Plenary (enlarged) Session. The main topic discussed at the session was that at present in the work of inspection the major task is to guarantee to implement the party's line and policies, uphold the four basic principles, and safeguard the smooth implementation of the policy laid down by the Party Central Committee's work conference to achieve further economic readjustment and political stability.

The present session passed on the spirit of the Third Session of the Central Commission for Inspecting Discipline, studied the important speeches delivered by the Party Central Committee's leading comrades concerned, discussed and passed the Provincial Party Committee's Discipline Inspection Commission's "Views On the Basic Conditions of Work in 1980 and the Arrangement of Work for 1981," and exchanged information and experience in the work of discipline inspection. The participating comrades exposed with actual facts some unhealthy tendencies among cadres affiliated with the party in our province, and presented some valuable views on how to correct these unhealthy tendencies.

The session reviewed and summed up the work of inspection in the past year. The conclusion was that under the leadership of the party, our province's discipline inspection departments at all levels had done a great deal of work and made considerable achievement. Particularly after the promulgation of the "Guiding Principles for Inner-Party Political Life" and the work of propaganda and education was duly carried out, about 80 percent of the party members in the province attended by groups and in rotation the training classes for the study of the "Guiding Principles" and the Party Constitution (Revised Draft), which is a general inner-party course unprecedented in more than a decade. In implementing the "Guiding Principles," many leading groups carried out "minor rectification" according to actual conditions, made "minor laws," and upheld the meeting of inner-party democratic life. A number of exemplary party members and cadres who consciously adhered to the "Guiding Principles" emerged; meanwhile, some cases in violation of the "Guiding Principles" were examined and dealt with. A great deal of work was also done in reviewing cases of long standing and in handling letters the people sent in and complaints they made when they called. All these played a positive role in strengthening and

improving the party's leadership, enhancing the party's fighting power, guaranteeing the implementation of the party's line, principles and policies after the 3d Session of the 11th party Central Committee, consolidating and developing the political situation of stability and unity, and promoting the readjustment of national economy. Nevertheless, we still have a long way to go to meet the party's requirement and the people's expectation, and must work hard.

At the session, they carried out a serious discussion on the style of work of ruling party. The consensus of opinion was that Comrade Chen Yun [7115 0061] gave a very important and timely directive on this topic. It is a matter of vital importance to the party, and his directive is of great significance to our party organization; it is the fundamental guiding thought to do well the work of inspecting discipline, and it is a powerful spiritual weapon to improve the party's style of work and to enforce its discipline.

The session held that whether or not we are able to uphold the 4 basic principles and adhere unswervingly to the party's line and policies after the 3d Plenary Session of the 11th party Central Committee has a direct bearing on the success or failure of the 4 modernizations, and is linked with the basic interests of the party and the people. Therefore, the discipline inspection departments at all levels must make guaranteeing the implementation of the party's line and policies a key task in current work, and grasp it as the foremost issue in following the "Guiding Principles" and improving the party's style of work.

The session laid down clearly that our province's task in the work of discipline inspection for 1981 is to implement further the "Guiding Principles," resolutely rectify unhealthy tendencies, guarantee the implementation of the party's line and policies, and guarantee the smooth progress in carrying out the important policy of further achieving economic readjustment and political stability.

During the session, the Shaanxi Provincial Party Committee's Standing Committee listened to reports on the progress of the conference. At the conclusion of the conference, First Secretary Ma Wenrui [7456 2429 3843] of Shaanxi Provincial Party Committee was present at the meeting and spoke about the importance of the party's work of discipline inspection and how to do a good job of the work this year. He stressed that the party committees should exercise leadership over this work and attach importance to it, and that the first and second most senior persons of party committees of all levels must grasp this work themselves, give their support to it, and back up the inspection personnel. They must earnestly resolve all really serious cases of violation. The cadres of inspection departments must go among the people to seek information, and handle cases in a planned way and to stress the key points and seek truth from facts. We must set up, perfect and strengthen inspection organs at all levels, and pick out those cadres who are straight, trusted by the people and capable to do this work. Finally he pointed out that the inspection departments must work in close coordination with the organization departments, the administrative and judicial departments, and the propaganda departments, and make common efforts to improve the party's style of work.

Secretary Yan Kelun [0917 0344 0243] of the Provincial Party Committee presided over this session, and delivered a summary report. Another secretary, Lu Jianren [0712 0494 0086], also spoke to the audience.

9039

CSO: 4005/590

PARTY AND STATE

HERESIES OF 'LEFTISTS,' RIGHTISTS DENOUNCED

Nanjing XINHUA Ribao in Chinese 12 May 81 p 3

[Article by Ba Shan [1572 1472]: "Eliminate the 'Leftist' Ideology and Uphold the Four Basic Principles"]

[Text] Our current task is to concentrate on implementing the guidelines of the Central Work Conference and to treat its documents as regulations. Since the stage is set, it seems inappropriate to introduce any new regulations. For this reason, we must continue to study the documents conscientiously until we can fully understand and comprehend them and consciously implement them. A successful study of these documents represents a step forward in unifying the thinking of all the party members behind the party's line, principles and policies adopted since the Third Plenum and in guaranteeing outstanding successes in further readjusting the economy and in bringing about greater political stability.

The major policy decisions by the Central Work Conference also marked a further step in implementing the guiding thought of the Third Plenum calling for seeking truth from facts and correcting "leftists" mistakes. This is why we must study and implement the guidelines of the Central Work Conference designed to help us continue to emancipate our minds and concentrate on liquidating the "leftist" guiding thought.

At the same time, it is also necessary to criticize the currently existing, erroneous, rightist tendency to urge people to negate the basic theories of Marxism and Mao Zedong Thought and the socialist system and to ignore the tremendous achievements since the founding of new China under the pretext of settling accounts with the "leftist" mistakes. But some comrades have assessed this problem in unilateral and absolute terms. Whenever they hear the call for settling accounts with "leftist" mistakes, they regard it as a signal to abandon the four basic principles. To them, settling accounts with "leftists" means giving up the four basic principles; they say: if we want to uphold the four basic principles, we cannot settle accounts with "leftists." This logic is obviously wrong for they pit the interest in liquidating the "leftist" ideology against the interest in upholding the four basic principles, and fail to see consistencies between the two interests.

The concept of allegiance to the four basic principles is a fundamental guiding thought consistently used by our party to lead the Chinese revolution and

construction programs. Since the founding of new China, we have scored tremendous successes in all fields of socialist construction. This is something well known to all. However, on the road of advancement, we committed mistakes and suffered frustrations, thus preventing us from giving full play to the superiority of the socialist system and achieving greater successes in socialist construction than we expected. Some of our mistakes were committed by "leftists" and others by rightists. Because we concentrated attention only on opposing the rightists and forgot to guard against the "leftists," we even mistook their correct ideas for rightist trash to be denounced.

In the end, the more we opposed the rightists, the farther we pushed the line to the "left" until the "left" line became the Leading position and a national disaster. During the Great Cultural Revolution, it was the "leftist" mistakes and the sabotage of Lin Biao and the "gang of four" that caused our work to deviate from the four principles in varying degrees, plunging our party and country into 10 years of catastrophe for which the people have had to pay a high price. As a result, the repudiation of socialism, the dictatorship of the proletariat, party leadership and Marxism-Leninism-Mao Zedong Thought dipped to a new low in the eyes of the people. This mishap saddened the hearts of those who cherish the motherland, socialism and communism. It is precisely this lesson that has led us to emphasize the need to settle accounts with the "leftist" ideology and mistakes so as to uphold the four basic principles in a better way.

All meetings ranging from the Third Plenum, to the Central Work Conference were pervaded by the spirit of the four basic principles. These meetings began and concluded with a call for upholding the four basic principles; under the impact of the new situation, the further development of the four principles in terms of theory and practice adds to them new strength and vitality. During the past 2 years or more since the Third Plenum, thanks to hard work performed by the entire party and the people throughout the country, excellent situations rarely seen since the founding of new China, and characterized by political stability and unity, steady economic progress, and momentous activities on the ideological front, unprecedented in history, have developed across the land. Practice shows that the line, principles and policies formulated since the Third Plenum under the guidance of the four basic principles, which bade farewell to the erroneous "leftist" line, are entirely consistent with the wishes of our nation and fully reflect the aspirations and desires of the entire party and the people throughout the country. As long as we work diligently with one heart and one mind, we can certainly build our motherland into a modern socialist power with high-level material and spiritual civilizations. This is why leading cadres at all levels must settle accounts with the "leftist" guiding thought if they want to uphold the line, principles and policies adopted since the Third Plenum. The purpose of settling accounts with the "leftist" guiding thought is to uphold in a better way the four basic principles.

Today, when the "leftist" ideology is being eliminated, the following problem deserves our attention: During the past 20 years or more, the adverse impact of the "leftist" ideology and mistakes on our party as a whole was unprecedented in terms of breadth and depth. (Please note: What I said here refers to the guiding thought of leading cadres. It is hard to tell the "left" from the right with regard to the specific targets of daily routine work and economic activities, which call for good judgment.) Many comrades have had personal experiences in this connection.

Particularly, responsible comrades in leading positions are more or less imbued with the "leftist" trash. In recent years, a nationwide discussion on the criterion of truth has been launched by the entire party membership along with the criticism of the two "whatevers." A considerable number of comrades have gradually clarified their thinking and raised their political consciousness through study discussions and practice. However, their progress in this field varies from person to person. Since some comrades have been exposed to the "leftist" influence for many years, it has left an indelible mark and taken deep root in their minds. It has become a habit which they have found hard to break; a habit which leads them to view new developments and new situations today with "left-leaning" eyes. They have misgivings about the party's line, principles and policies. They view the guidelines of the Third Plenum as a deviation to the "right" and a "capitalist road." These comrades still harbor ossified or semiossified ideas. They cherish egalitarian socialism and the full-scale dictatorship of the proletariat devoted to escalating the class struggle. They are obsessed with the two "whatevers," and party leadership with the authority to put everything under its control. This fact shows that if the effort to settle accounts with the "leftist" ideology fails, it may become the principal obstacle to the understanding and implementation of the line, principles and policies adopted since the Third Plenum, and will rule out the possibility of truly upholding the four basic principles. This point is particularly important to leading cadres, who may relapse and commit mistakes again in a suitable climate if they fail to straighten out their ideological confusion at its source, to eliminate chaos and restore order, and to wipe out the "leftist" trash.

It goes without saying that if there is an erroneous rightist trend of thought in our society, it must also be criticized along with the "leftist" ideology whose influence must be eliminated. On this point, some people comment: When efforts are made to settle accounts with the "leftists," all the erroneous rightist tendencies, statements and activities against the four basic principles seemingly should be forgotten. If they are touched, these people would yell: you people push the line to the "left" again and so on and so forth.

Since the 30 Plenary Session of the 11th Party Central Committee, the Party Central Committee has conveyed this point to the public very clearly. As early as 30 March 1979, Comrade Deng Xiaoping stressed the need to uphold the four basic principles in a speech to a theoretical discussion meeting called by the Central Committee Propaganda Department. His mention of this problem was clearly not directed at Lin Biao and the "gang of four," because their case was not a problem of whether or not to uphold the four basic principles but a counterrevolutionary crime of deliberately distorting, adulterating and wholly undermining the four basic principles. Clearly, this problem was presented in the wake of the downfall of the "gang of four." By then the Party Central Committee's proposal for the emphasis focusing on eliminating "leftists." When the erroneous rightist tendency asserted itself later on, efforts were also made to eliminate it. As soon as such efforts were made, some comrades made progress in clarifying their thinking. But other comrades were as muddle-headed and vacillating as ever. The following facts deserve our attention: Some people have taken a bold step in effecting "a breakthrough in the four basic principles." Regarding the emancipation of the mind as an exercise of free will to dream of everything in a fantastic way, and to break with the four basic principles, they contend that the advocacy of allegiance to the four basic principles impedes the emancipation of the mind. Some people who adopt a skeptical

attitude toward the superiority of the socialist system have openly declared that socialism is inferior to "capitalism." Some of them argue that while moving toward socialism, China cannot circumvent the stage of capitalism or national capitalism, insisting that China must roll back the clock to the transitional stage or the new democratic period. Some people are thinking of abolishing the people's democratic dictatorship, while calling for "putting into practice a two-party system similar to those in the bourgeois countries." Some people have demanded that the Communist Party leadership be decentralized or even abolished. Some people even call into question the principle of allegiance to Marxism-Leninism-Mao Zedong Thought, while some individuals blatantly take a negative view of Mao Zedong Thought, placing it in disgrace. Furthermore, a few elements who desire to plunge the world into chaos have taken advantage of this situation to carry out their antiparty and antisocialist activities. These are actually assertions of bourgeois laissez-faire, extreme individualism and anarchism trying to tamper with the four basic principles from the right direction. Although these people are a minority within the party, their pernicious influence is very great. This fact shows that if we want to uphold the four basic principles, we must concentrate simultaneously on eliminating the "leftist" and rightist tendencies from our guiding thought in order to solve the problem once and for all.

The four basic principles reflect the common interests of the people of all nationalities throughout the country and constitute a political foundation for 1 billion people in China to achieve unity and win victory. If the four basic principles fall apart, the entire socialist undertaking will be jeopardized, thus ruling out the possibility of further readjusting the economy, bringing about greater political stability and realizing the four modernizations. From the angle of ideological and political work, any departure from or abandonment of the four basic principles, would mean deviation from the correct political course, giving up weapons to expose and defeat the erroneous ideologies, and a loss of a fighting power at our disposal. In the past, we failed to take a strong stand and use the power of persuasion to make the four basic principles prevail. This was a shortcoming in our work. Few had ever stepped boldly forward vehemently to repudiate or solemnly wage a serious ideological struggle against those erroneous tendencies, speeches and actions guilty of violating or even betraying the four basic principles through newspapers and party-sponsored meetings. To be frank, although we committed mistakes in work and suffered frustrations during the past several years, the people will never give up the rich fruits reaped in the process of historical reforms. The people's appeal to eliminate chaos and restore order means a demand to redirect everyone to think in a way consistent with the correct guiding thought of allegiance to the four basic principles. We must consider it an inescapable obligation and absolutely necessary to repudiate and struggle against everyone who is found guilty of opposing and criticizing the four basic principles against the wishes of the people.

Of course, no matter whether we settle accounts with and correct the erroneous "leftist" ideology or criticize and correct the erroneous rightist ideology, we must adopt a cautious and scientific attitude of seeking truth from facts. We must guard against practicing metaphysics in this connection. At present, we must concentrate on grasping the following problems:

First, we must persist in proceeding with work from a realistic point of view.

In overcoming erroneous ideas, it is necessary to take into account specific problems and specific conditions that vary from place to place and from time to time. We must take note of what the people really have in mind with regard to work, and sum up our practical experiences so that we can analyze the situation in a realistic way and not overlook the existing problem while fully endorsing our achievements. Our task is to solve these problems whenever they arise rather than mobilize units at all levels to review and examine them and embroil those at the top and those at the bottom in any argument. In this connection, we must draw a clear line between right and wrong, and must prevent others from framing people by false charges, labeling them "leftists" or rightists everywhere without justification, displaying posters everywhere, elevating minor mistakes to the level of principles and confusing right with wrong.

Settling accounts with the "leftist" ideology is the concern of the leading organs and leading cadres. The "leftist" mistakes we refer to mainly stem from the guiding thought. The "leftist" mistakes to be corrected refer to the problems of leadership in the ideological field that need to be solved rather than to any political movement that will affect the masses or any routine project to permit everyone to pass tests as a matter of formality. A busy farming season has arrived in our province. At present, this task to correct the "leftist" mistakes is primarily a concern of leadership at the provincial, prefectural and municipal levels. Formal programs must be launched to educate county-level leadership and grassroots units in this field. However, it is not necessary to mobilize those at the top and those at the bottom to investigate the "leftist" mistakes. Only in this way can we avoid discouraging those comrades who are enthusiastically dedicated to the cause of the party.

Second, positive education must be emphasized.

The fact that some ideological problems have surfaced from the hearts of the people at this historical turning point is not unusual at all. We must guide comrades skillfully to sum up historical experiences, to set forth facts and discuss them rationally as a method of improving their ways of thinking and raising their political consciousness. We must do painstaking and meticulous ideological work among them. We must deal with them with patience rather than single out any individuals by name and hold them responsible for any fault and criticize them in a high-handed manner. A peaceful atmosphere of gentle breeze and mild rain should be created in an effort to expose faulty performances, discuss the harmful effect of mistakes, find out their root cause and explore ways of avoiding mistakes. In this connection, it is essential to strengthen our theoretical study program. We must conscientiously study Marxism-Leninism-Mao Zedong Thought, develop the correct ways of thinking and sum up historical lessons accurately. We must lay a good theoretical foundation which will help us ward off the influence of any heresy.

Third, it is necessary to launch criticism and self-criticism.

We must consciously launch criticism and self-criticism against our own mistakes as a demonstration of the high sense of principle among party members and a great vitality of Marxism. We must firmly implement the "principle of three don'ts" namely, don't pick on people, don't put political labels on people and don't wield big sticks against people, and discourage people from "covering everything up," so that they will feel free to say anything they wish without any fear of

being punished. The general objective of this effort is nothing less than to seek truth from facts, distinguish right from wrong, raise our political consciousness, unite our comrades, educate the public and teach everyone to do a good job in all fields of endeavor. A few individuals found guilty of openly attacking and discrediting the four basic principles and engaging in antiparty and anti-socialist activities must be dealt with according to law. If we continue to pursue this course, it is certain that our cause will gain strength with each passing day.

9574

CSO: 4005/630

PARTY AND STATE

YUNNAN PEOPLE'S CONGRESS STRESSES SOCIALISM'S STRENGTH

Kunming YUNNAN RIBAO in Chinese 22 Apr 81 pp 1, 3

[Article: "The Party Central Committee and the State Leadership Are Strong and Powerful, Socialism Shows Its Superiority Day By Day"]

[Excerpts] In the morning of 21 April when the Yunnan Provincial People's Congress concluded its 7th Session, Chairman An Pingsheng [1344 1627 3932] of the Standing Committee of the Congress delivered an important speech. In his speech he stressed that our present economic situation is far better than what was expected, and our political stability and unity are facts obvious to all. He told us that our Party Central Committee and state leadership are not only correct but also strong and powerful, and explained the fact that our socialist system has great vitality and shows its superiority day by day. He said emphatically that the four basic principles have always been the fundamental principles for the founding of our People's Republic. Mao Zedong Thought will forever be the spiritual weapon with which our Chinese Communists and revolutionary people will guide ourselves in action.

Chairman An Pingsheng said: Like all other Standing Committee members, I agree entirely to put down in the resolution such important words as "we must uphold the four basic principles which constitute the political foundation of unity among people of all nationalities in the country." These four basic principles have always been the fundamental principles for the founding of our People's Republic. After the 3d Session of the 11th Party Central Committee, on 30 March 1979 Comrade Deng Xiaoping [6772 1420 1627] on behalf of the party Central Committee reiterated the 4 basic principles. Last December the central work conference again pointed out the importance of upholding and safeguarding the four basic principles. Here, today I wish only to recommend to you for your careful study an article written recently by Comrade Huang Kecheng [7806 0344 6134], entitled "On the Question of Appraising Chairman Mao and Treating Mao Zedong Thought." This article is extremely important. The question which he talked about has a bearing on the destiny of our party, our country and our people. Chairman Mao was a great leader of our people and stood for an era. However, he committed mistakes in his later years and gave us misfortune. We should oppose the view that "every word of Chairman Mao's is correct" but certainly we cannot imitate Khrushchev in his way of treating Stalin. Comrade Deng Xiaoping said repeatedly that Chairman Mao's merits were primary and his mistakes secondary. He also said: "Chairman Mao rescued the party and the nation from crises on several occasions. Without Chairman Mao the Chinese people would at the very least have had to grope in the dark for a much longer time." I

take this as the only correct guiding principle to deal with this important question in a scientific approach and by seeking truth from facts. I fully agree with these views which Comrade Huang Kecheng expressed in his article. I believe, the great majority of workers, peasants and intellectuals in the country also will support him in his views. Because what he said was the fact, and the truth. As Comrade Huang Kecheng said in his article: "Contemporary Chinese history proves that only Marxism-Leninism-Mao Zedong Thought can save China." I can sincerely tell you all committee members that the firm and unshakable policy defined by the 3d Plenary Session of the 11th party Central Committee is to give full play to socialist democracy and to perfect the democratic system of our country. The solution of this issue has still to be worked out further. On important questions of our party and nation, people can entirely express their different views, even including some very extreme opinions, as it is also entirely understandable. To resolve the differences among people, we can only adopt democratic means through discussion, explanation and persuasion, and will under no circumstances permit ourselves to repeat the oversimplified and crude "leftist" ways of doing things of the past. However, on this major question of appraising Chairman Mao and approaching Mao Zedong Thought, we should never allow ourselves to be swayed by our emotions, and should draw a clear line of demarcation between the right and the wrong. As Comrade Huang Kecheng said in his article: "We should give consideration to this question only by proceeding from the basic interests of the whole party, the state and the 1 billion Chinese people, and by proceeding from the course of action which will be beneficial to our later generations and to our cause of socialist revolution." Nevertheless, at present there is a reactionary trend of thinking, as Comrade Huang Kecheng pointed out in his article: "Now all hostile forces inside and outside the country are hoping that we will reject Chairman Mao completely, so that our people will be confused in thinking, and our country led toward capitalism. Among our people, there are also persons under the influence of the individualism and liberalism of the West who join in the chorus of the hostile forces. This should arouse our vigilance."

Finally, Chairman An Pingsheng said: In my opinion, every communist, every Standing Committee member of Yunnan Provincial People's Congress, every people's deputy and every Chinese, so long as he is concerned with national affairs and warmly loves our great socialist motherland, should derive political stamina from Comrade Huang Kecheng's article, gain benefit from its wisdom, distinguish right from wrong, decide which to choose and, at his own work post, make his due contribution to the motherland and to the people. Chairman Mao's mistakes are mistakes made by a great revolutionary. Mao Zedong Thought shall forever be a spiritual weapon for our Chinese communists and revolutionary people to guide our actions. This is our conclusion.

9039

CSO: 4005/590

PARTY AND STATE

PROPAGANDA ACTIVITIES STRESS ENVIRONMENTAL PROTECTION

Xian SHAANXI RIBAO in Chinese 19 Mar 81 p 1

[Article: "Linking Environmental Protection Propaganda With 'Five Stresses' and 'Four Beauties' Activities"]

[Text] On 16 March the Shaanxi Provincial People's Government issued a notification to call upon all localities to spare a period of time for launching activities of propaganda on environmental protection.

To do a good job on this campaign and push forward the work of environmental protection in a more thoroughgoing way, the notification instructs that this propaganda campaign should be conducted under the guidance of the party Central Committee's policy of further carrying out economic readjustment and achieving political stability. It should be linked with propagating and implementing the "Environmental Protection Law (Tentative) of People's Republic of China" and the "State Council's Decision To Strengthen Environmental Protection Work During the Period of Economic Readjustment," and with current activities of "five stresses" and "four beauties" now in progress, to focus on the important significance of environmental protection, to explain that a clean, quiet, comfortable and fine environment is a component part of the spiritual civilization of socialism, and to give publicity to various laws and policies for the protection of the environment. Meanwhile, in the light of actual conditions, the campaign should give publicity to exemplary cases of environmental protection, pass on advanced experience in saving energy and also protecting the environment, and disseminate the scientific knowledge of environmental protection.

The notification states that during the present campaign the departments of environmental protection should, under the leadership of local governments at various levels, take the initiative to make arrangements and get in touch with other offices, win the support and cooperation of the propaganda departments, trade unions, the Communist Youth League, the Women's Federation and other concerned departments, mobilize forces from all quarters and whip up public opinion in society so that this work of environmental protection will further take root in the hearts of the people. Specific measures should be made for revolutionary historic sites, scenic spots, nature preservation areas and places where there are serious environmental pollution and destruction of natural resources, and organize all quarters concerned to implement these measures.

The notification calls upon the present propaganda campaign to seek truth from facts and stress practical results. All activities of propaganda should be conducted in a lively manner to build up a momentum; while attention should also be paid to practicing economy in manpower and material and financial resources. In giving publicity to the plans, requirements and experiences of environmental protection, it will be necessary to proceed from the actual conditions at the time and in the locality, to persist in making positive propaganda, paying attention to practical and effective measures and making no overstatements, and to refrain from putting forward slogans which cannot be done at present. All propaganda activities should help implement the measures of environmental protection. It is necessary to use examples to explain the experience of strictly following the rule of "doing three things at the same time" in curtailing the scope of capital construction, to explain the experience of putting the "three wastes" into multipurpose use in industrial production and technical renovation, to explain the experience of stressing planning and management in the exploitation of natural resources, and to explain practical and effective experiences in other fields, so that the work of environmental protection can be pushed forward in a down-to-earth manner.

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PARTY AND STATE

IDEOLOGICAL WORK HELPS PRODUCTION OF PLANT

Nanjing XINHUA RIBAO in Chinese 17 May 81 p 2

[Article by Jiang Shengbo [5592 4141 2672], Jin Jiefeng [6855 2638 6912] and Huang Zai [7806 6528]: "Use Scientific Method to Perform Properly the Ideological-Political Work of the New Era"]

[Text] The Suzhou Grinding Wheel Plant tested some of the staff and workers on the results of the situation education. The test showed that many comrades had improved their understanding of the situation to various degrees and increased their confidence in building the four modernizations. It was the positive achievement of the party general branch of the plant in its vigorous effort to make ideological-political work scientific.

Last year, the party general branch of the plant organized the political cadres to discuss "how to strengthen the ideological-political work of the new era," a new theme. All felt that the objective conditions of the new era were very much different from the past and that they must study the pattern of people's ideological activities in the new era and strive to make ideological-political work scientific, in order to adjust to the demands of the new era. For this reason, they studied psychology, education and behavior science, learned scientific methods of analyzing by means of investigation and study, information feedback and charts, actively practiced what they learned, strove to endow ideological work with a greater foresight and a stronger aim and produced relatively good results.

When conducting the situation education this year, the party general branch first investigated in society and the plant the various views on the situation and generalized them into five topics, viz., "how to understand the current economic situation," "how to understand the superiority of socialism," "how to understand the current class struggle," etc. Then, in accordance with the requirements of information feedback, they gave secret test to some of the party members, league members, young people, cadres and workers and compiled the test results into a "chart on the understanding of the current situation" and analyzed it, thereby enabling everyone to recognize the basic conditions of the staff and workers' understanding of the current situation. Among the 120 staff and workers tested, for instance, 74 percent of them had an inadequate

understanding of the excellent current situation to different degrees. Some felt that "the rising prices show that the economic situation is not good;" others found that "the living standard has not improved and the changes have not been great;" etc. The condition was more prominent among the young people. Based on the results of the analysis, and in conjunction with the changes in the production of the plant, in the life of the staff and workers and in the implementation of the party's policies in the recent 4 years as compared to the conditions before the "gang of 4" was smashed, they composed material and made charts and conducted a pinpointed propaganda. At the same time, they selected representative figures to make contrasts on the living standards and explain by practical examples. As the objectives of the situation education, they placed the young people in an important position. By means of such propaganda education, they improved the understanding of many people and made them realize that, though the prices of some commodities had risen, the living standard had improved, and that the situation was indeed good, but there were latent dangers. Therefore, they must continue to follow the lines and policies formulated since the Third Plenary Session and contribute to the implementation of the readjustment policy.

Psychological analyses can enable our ideological work to anticipate motives and guide behavior. An apprentice of the processing group in the grinding tool workshop was quite seriously tainted with hooliganism in the past and did not properly concentrate on production. How could he be helped to improve himself? The workshop and the group conscientiously analyzed his psychological state and found that he had self-respect and a frank and open personality, and that he wanted to be trusted. Thereupon they treated him with sincerity, respect and trust. Upon his return to the plant after being detained by the public security unit for 10 days due to some infractions of the law, he was depressed and embarrassed. At this time, the group rendered him sincere help and encouraged him to look ahead. The workshop chairman and the group chief paid him special visits at his home and urged him to admit his mistakes and cherish the collective honor of the group. Thereupon he sensed the trust of the organization and made up his mind to work properly. Subsequently, when he was sick at home, many comrades visited him after work and made him feel the warmth of the collective. When processing a batch of grinding wheels which involved some difficulty, the group fully trusted him and assigned him a task. Upon completion of the task, the group praised him. After such effort, the apprentice made an obvious transformation, completed his production tasks every month and submitted an application to join the league.

That reward and punishment will produce an effect in behavior control is a principle of behavior science. This principle has improved the understanding of the purpose of praises and criticisms in ideological work on the part of the comrades of the plant. Praises are for the purpose of influencing behavior. The comrades actively spread the new socialist trend emerging in the entire plant and carried it forward. Since last year, more than 300 man-times were publicized in various forms, the unhealthy trends were criticized, and the positive models, in contrast to the unhealthy trends, were commended, thereby not only encouraging the commended comrades, but also improving the

understanding of those with erroneous ideas. Deeds manifesting ethics, civilization and style became ever more numerous.

Ideological work activated the enthusiasm of the staff and workers. For the months of January and February this year, the labor productivity of the plant rose 13 percent, the grinding wheel power consumption dropped 12 percent, and the production of ceramic grinding wheels and diamond abrasives made an obvious gain.

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CSO: 4005/637

WAYS TO STRENGTHEN EDUCATION ON FOUR BASIC PRINCIPLES OUTLINED

Harbin HARBIN RIBAO in Chinese 16 May 81 p 1

[Text] Positively and forcefully, while also persuasively, propagandizing the four basic principles is extremely important at present in studying and implementing the spirit of the Central Work Conference, carrying out even more successfully the lines and policies formulated since the Third Plenary Session and smoothly completing the various tasks assigned us by the party and the state.

Since the Third Plenary Session, the party organizations of the various levels in our city always paid relatively serious attention to the propaganda education on the four basic principles. In May 1979, the municipal party committee decided to launch propaganda educational activities on the 4 basic principles in depth and range in the entire city. Many leading comrades took the lead to propagandize to the cadre masses. In the past 2 plus years, the party organizations of the various levels in our city, in conjunction with reality, performed large amounts of work on the propaganda of the 4 basic principles and produced a good effect in raising the consciousness of the cadre masses in upholding the 4 basic principles, implementing the spirit of the 3d Plenary Session and consolidating and developing the stable and united political situation. However, we must also realize that the development of the propaganda education on the four basic principles in the city is not even, and that some units do not grasp the work tightly enough or propagandize positively and forcefully enough. The phenomena of violating the spirit of the Third Plenary Session and doubting, or even resisting, the four basic principles indicate both the "leftwing" influence and the rightwing tendency and various other erroneous ideas. It shows that further grasping the propaganda education on the four basic principles remains an extremely important task at present.

To further grasp the education on the four basic principles, the primary requirement is to study properly. Strengthening such education is to restudy the four basic principles and the lines and policies formulated since the Third Plenary Session. In the past, though we communicated and studied the various important documents and directives of the Party Central Committee, some comrades, due to various reasons, failed to learn them conscientiously, study them repeatedly and gain a deep understanding. The party's lines and policies

did not take root in their minds. When erroneous ideas emerged in society, they were bewildered, unable to explain or to reason. Currently, we must combine the study and implementation of the documents of the Central Work Conference with the series of important documents since the Third Plenary Session, comprehensively understand the spirit of the Central Work Conference and recognize the identity of the lines of the Third Plenary Session and the four basic principles. Only thus will we uphold and defend the four basic principles more successfully and remain unshaken regardless of the winds and waves in society.

To further grasp the education on the four basic principles, we must strengthen ideological-political work. The party organization of the various levels and the leading cadres must make ideological investigations, concretely master the ideological pulse of the cadres and masses and observe their moods. The leading and political work cadres of the various levels must go into the people, conscientiously propagandize the four basic principles and the party's policies in conjunction with the ideological reality of the cadres and masses and explain the current situation of the state. In regard to the misunderstandings of the party's policies, they must explain patiently and persuasively. Such erroneous views as upholding the four basic principles is to "rectify" the deviations of the lines of the Third Plenary Session and stressing the four basic principles "blocks" the lines of the Third Plenary Session must be clarified. We must start from reality and make the education on the four basic principles more concrete, more practical and more effective.

To further grasp the education on the four basic principles, we must also forcefully and steadfastly struggle against the erroneous tendencies contrary to the four basic principles. Naturally, when waging the struggle, we must strictly distinguish the two different kinds of contradictions. In regard to the ideological issues within the people, we must adhere to positive education and solve them by means of discussions, criticisms and reasoning. When conducting criticisms and self-criticisms, we must aim at helping people, presenting the facts and giving the reasons, and convincing people by reasoning. We must guard against one-sidedness and exaggerated criticisms and make everyone pass the test, clarifying thinking while also rallying the comrades. As for views which slander and attack the four basic principles, resist socialism and oppose the party's leadership, we must firmly expose and crack down on them, never showing any mercy.

To further grasp the education on the four basic principles is not an easy matter. The party organizations of the various levels and the leading cadres must exert a vigorous effort and place it on the important daily agenda of the party committees, carry it through in all items of work, grasp it constantly, persistently and concretely, summarize the experiences and continuously improve the quality of propaganda. Upholding the four basic principles is the desire of the people of the whole country. As long as we make a concerted effort to further grasp the education on the four basic principles, the people of the entire city will rally even closer around the party and, with one heart and one mind, striving to make the country strong and struggling arduously, seize new victories of the four modernization construction.

6080

CSO: 4005/637

PARTY AND STATE

CHEN YUN'S ECONOMIC THINKING, PROPOSALS OUTLINED

Hong Kong CHENG MING [CONTENDING] in Chinese No 5 1 May 81 pp 43-44

[Article by Rong Sheng [1369 3932]: "Deng Liqun [6772 0500 5028] on Chen Yun's [7115 7189] Economic Thought"]

[Text] In the later part of November 1980, Deng Liqun delivered a lengthy report at the CCP Central Committee's Party School, systematically outlining and expounding Chen Yun's economic thinking. Below is the gist of his report:

Deng Liqun said: Practice of 30 years' economic construction of our country has proven Chen Yun to be an outstanding leader of economic work in our country. On the morrow of the national liberation, Chen Yun was in charge of economic work that was confronted with an awful mess of inflation left over by the Kuomintang reactionary government. Because of this and also the 1950 campaign for resisting U.S. aggression and aiding Korea, many people were afraid that our economic work would be unable to take a turn for the better, and imperialists, too, predicted that we were going to fail economically. But in less than 1 year we unified national finance and the economy, curbed the vicious inflation, and stabilized prices. The great achievements scored in our financial and economic work from the time of national liberation to the year of 1962 were inseparable from Chen Yun's work. Deng Liqun said that had our economic work consciently followed the course proposed by Chen Yun, our economic conditions would definitely be much better than at present. While a few people take a negative attitude toward Chen Yun's views, history has proven that Chen Yun's views and proposals were correct and feasible not only at that time but also at present.

I. Construction Based on Proper Arrangement of People's Livelihood

Deng Liqun said: Chen Yun's economic thinking--construction based on proper arrangement of people's livelihood--is fully identical with the requirements of the basic economic laws of socialism. In studying this problem, there are two basic prerequisites. In the first place, socialist production should ensure expanded reproduction. There should not be any great fluctuations. Failure to achieve this in practice may be due to two reasons: One is foreign aggression or extraordinary natural disasters, and the other is grave errors made by leaders in economic work. In the second place, socialist economy is planned commodity economy. With these two prerequisites, construction may be carried out on the basis of arranging people's livelihood properly. This line of construction has the following four features:

1. Consideration is given to both people's livelihood and economic construction.

Chen Yun holds that the problem of our construction is to improve people's livelihood. In his "speech at a session of the central financial and economic group conference" in March 1962, he pointed out: "Having spent scores of years to make revolution a success, we must under no circumstances lose the fruit of revolution. The question now before us is how to consolidate and develop the fruit of revolution. The key to this question lies in making proper arrangements for the livelihood of more than 600 million people and really working for the well-being of the people." In Chen Yun's opinion, consideration must be given to both economic construction and people's livelihood. It is not possible to take great strides in both construction and people's livelihood; on the whole, we can only achieve a precarious balance between the two. The reason is that construction must be carried out under all circumstances but may not be carried too far, and that it will not do to ignore the livelihood of the people. Chen Yun once pointed out that solving the problem of essentials of the people's livelihood like vegetables "is as important as constructing plants." To solve the problem of people's livelihood is "an important national policy of socialism." Deng Liqun said that if consideration is not given to both but only to construction the result is that construction itself will be unable to make headway.

2. Growth in production and supply of capital goods must be accompanied by growth in production and supply of consumer goods, and the two must be balanced.

Deng Liqun said: Chen Yun always emphasizes that if we want to construct plants we must consider supply of consumer goods in addition to constructing factory buildings and solving the problem of raw materials. The reason is that constructing plants and increasing the number of staff and workers will necessarily result in increase of wages and the social purchasing power and that if supply of consumer goods does not catch up, inevitably inflation will follow. In this respect, Deng Liqun pointed out, we have suffered a great deal and run into many snags and even to this day we have not learned how to deal with the problem properly. In 1962, Chen Yun mentioned: "Concerning capital investment, my approach is to "cut back" to a level where it can be borne by the financial and material resources of the state, and particularly by agricultural production." Now we are confronted with the same problem. Readjustment of the national economy has not produced much effect over the last 2 years and we have not retrenched sufficiently. Capital investment in 1979 decreased by 10 billion yuan compared with 1978; the 1979 level was to be maintained during 1980 but could not, making it necessary to "cut back" further to a level commensurate with the financial and material resources of the state.

3. Problems are observed from the angle of the process of reproduction.

Deng Liqun said: A number of people do not understand the important roles played by commerce, commodity price and market in the process of reproduction. Production creates value but value must be realized through circulation. Lenin attached great importance to the realization of value. Stalin took a view that belittled circulation. Some policies put forward by Chen Yun have broken through the limitations set by Stalin. For example, Chen Yun examined the question from the angle of the whole policy of economic construction. During the 3 years of difficulties,

he proposed adopting a high-price policy (high-price cakes, high-price sugar, and high-price restaurant foods) with regard to certain commodities and some people criticized him for "considering the market as it stands." In Deng Liqun's opinion, this view was wrong. With a high-price policy adopted with regard to certain commodities, money was withdrawn from circulation, the market was stabilized, and the national economy as a whole was made to take a turn for the better. How could the policy be regarded as "considering the market as it stands"? Commercial, financial and banking departments are the most sensitive to the economic trends. These departments were criticized for "deviating to the right" in the past. The criticism was not correct. It is from these departments that Chen Yun often gets information and detects problems in economic work. He attached great importance to observing and considering problems from the unified angle of production and circulation.

4. Great importance is given to agriculture.

Deng Liqun said: Chen Yun carried out this policy conscientiously and in a unique way. Chen said: "The question of agriculture: the question of the market is a major one bearing on the livelihood of more than 500 million peasants and more than 100 million urban people" and is a problem in which all departments must interest themselves. During the "Great Leap Forward," a province proposed developing industry on a big scale, "waging an arduous struggle for 3 years to change the outlook" and bringing in no grain supplies. Chen Yun went to the province to make careful calculation of the amount of grain consumed by the rural population, the amount of marketable grain consumed by the urban population and the amount of grain output. He then arrived at the conclusion that if industry developed on a big scale and no grain supplies were brought into the province, there would be not enough grain to feed the people there and that the only alternative would be to "step up requisition by purchase." Ignoring Chen Yun's opinion, the provincial leaders brought on very grave consequences.

11. Production First, Capital Construction Next

Chen Yun holds that when supplies of raw and processed materials are tight, they must be distributed in the order of priority. Production of the necessities of life must be ensured in the first place. Next, production of the necessary capital goods should be ensured. The remaining materials shall be used to carry out capital construction. According to Deng Liqun, Chen Yun once stressed the need to tap the latent capacity and carry out innovation and transformation before undertaking capital construction. What is the focal point of the four modernizations program? Some people take the view that the modernization program should depend mainly on construction of new plants and on imports, saying the greater the amount of purchase and the newer the things bought the better. They want to buy modernization. They signed a number of contracts with foreign merchants, which have become millstones around our necks. In the opinion of Chen Yun, the foundation of the four modernizations should rest on the more than 300,000 existing enterprises, and reliance should be placed mainly on tapping the latent capacity and carrying out innovation and transformation of existing plants, including import of some patent and critical equipment. According to Deng Liqun, the production capacity of our existing enterprises has not been brought into full play; owing to shortage of energy, about 20 to 30 percent of the production capacity of existing enterprises is lying idle. We can not think in terms of buying only the new and building the

new. We can not "love the new and loathe the old." In 1978, more than 1,000 plants were shut down because of a shortage of raw materials and energy. But not long afterwards more plants were constructed, e.g., small cigarette factories in tobacco-producing areas and small leather factories in pastoral areas. These small factories consumed raw materials and energy to turn out inferior-quality and high-priced products are depriving many technologically advanced large plants of raw materials. This blind redundant production causes an enormous waste. What they carry forward is not their strong point but their weak point (low technical level). For this reason, we must produce first and build capital construction projects next. Emphasis should be laid on running the existing enterprises efficiently. The existing enterprises represent production capacity already formed while capital construction projects represent production capacity not yet formed. Poland's lesson in this respect merits our attention. It has imported a large amount of foreign equipment which for a long time has not formed production capacity. Lacking means to repay its debts, it can only repay old debts by raising new loans. Wages have increased but supply of consumer goods has not kept pace. Actual wages have declined with serious consequences. In this respect, China has also learned its lessons. There are those who love the new and loathe the old, worship things foreign and despise things Chinese, covet things big and loathe things small. One Baoshan steel works alone would spend an average of 400 million yuan a year, and yet they built a project of this size without even discussing it with the experts from the Ministry of Metallurgical Industry. According to Deng Liqun, Chen Yun pointed out that under no circumstances may capital construction projects be built by creating financial deficits and resorting to inflation. If deficits were not eliminated and if the burden were passed on to the people, the little improvement made in people's livelihood would be lost. While some loss will be caused by abandoning capital construction projects, it is far less than the loss of the slight improvement in people's livelihood.

III. The Scale of Capital Construction Is Suited to the Financial and Material Resources of the State

This topic was specially taken up by Chen Yun in his speech in January 1957. One important viewpoint in this speech was: "The scale of construction must be suited to the financial and material resources of the state. Conformity of construction with resources is the dividing line between economic stability and instability. Economic stability is a matter of utmost importance to a large country like ours with 600 million people." "..... Nor is it desirable to be so conservative as to slow down the due tempo of construction. But it is easier to rectify a conservative approach than to rectify a rash advance." Deng Liqun said that the lesson of the 1958 "Great Leap Forward" has proved that it is far more difficult to rectify the rash advance than to rectify the conservative approach. Twenty-two big projects costing nearly 60 billion yuan were imported in 1978, and it would be more difficult now than in 1958 to cut down these projects.

IV. Planning and Overall Balance

Deng Liqun said: Chen Yun is of the opinion that only a proportionate development can ensure a high-rate development. In drawing up plans consideration should be given to (1) the production capacity already realized, and (2) the existing production potentials and the newly added, dependable production capacity. These should

be exactly calculated. Furthermore, the production capacity between one department and the relevant departments should be calculated before dependable plans can be worked out. When we worked out plans in the past, we often violated this procedure; we subjectively determined the targets and then calculated. That approach was wrong.

Chen Yun said that he endorsed Bo Yibo's [5631 0001 3134] study of three proportions between the national income and accumulation, between the national income and the state budget revenues, and between expenditures under the state budget and capital investment. He summarized the proportions as four major balances: balance of financial receipts and expenditure, balance of bank credits, balance of commodity supply and demand, and balance of foreign exchange receipts and outlays. In other words, production funds, monetary funds and commodity funds must be suited to one another. Here the most important is the "overall balance." Chen Yun often referred to a "precarious balance" and our job is to ensure that the precarious balance is not upset. Furthermore, he took the view that overall balance should be achieved not in terms of goods produced that are in excessive supply but in terms of goods produced that are in short supply. "The greatest lesson drawn" from balance achieved in terms of goods produced in excessive supply "is imbalance." "Only an overall balance in terms of goods produced that are in short supply means a real overall balance."

V. The Question of Socialist Economic System

Deng Liqun said: Chen Yun's speech at the 8th National Congress specially dwelt on the question of socialist economic system. His speech included an important outline: "In the sphere of industrial and commercial undertakings, the state and collective undertakings are the main body of industry and commerce but are accompanied by a given number of individual undertakings. These individual undertakings are supplements to state and collective undertakings. As regard production plans, the major portion of industrial and agricultural products nationwide are produced according to plan, but at the same time a portion of the products are freely produced within the limits of state plans according to market changes. Planned production is the main body of industrial and agricultural production, and free production carried out within the limits of state plans according to market changes is supplement to planned production. This was put forward in order to sum up our country's experience in socialist transformation. It has completely broken through Stalin's pattern of the socialist economic system. Chen Yun put forward five measures in his speech: 1. Change the purchase-marketing relationship between industrial and commercial enterprises. 2. Decentralize a considerable part of the industrial, handicraft and agricultural subsidiary production and a considerable part of the commercial operations, and rectify blind centralized production and centralized management carried on from a one-sided viewpoint. 3. Do away with those measures in market management originally designed to restrict the speculative activities of capitalist industry and commerce. 4. Formulate a price policy conducive to production. 5. Appropriately change the methods of state planned management of certain products.

Deng Liqun said: Comparing the views put forward by Chen Yun at that time with our current discussions of the restructuring of the economic system, one can see

that some important questions relating to restructuring the system were advanced by Chen Yun at that time. To be sure, some distinctions are found in certain specific measures. Chen Yun further pointed out that after separation of power between the center and the localities, balance should not be made tenuous but secure. This point is of important realistic significance to our restructuring of the economic system today.

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